

Lowell Public Schools

FY23 Budget Update & Introduction to FY24 Budget



AGENDA

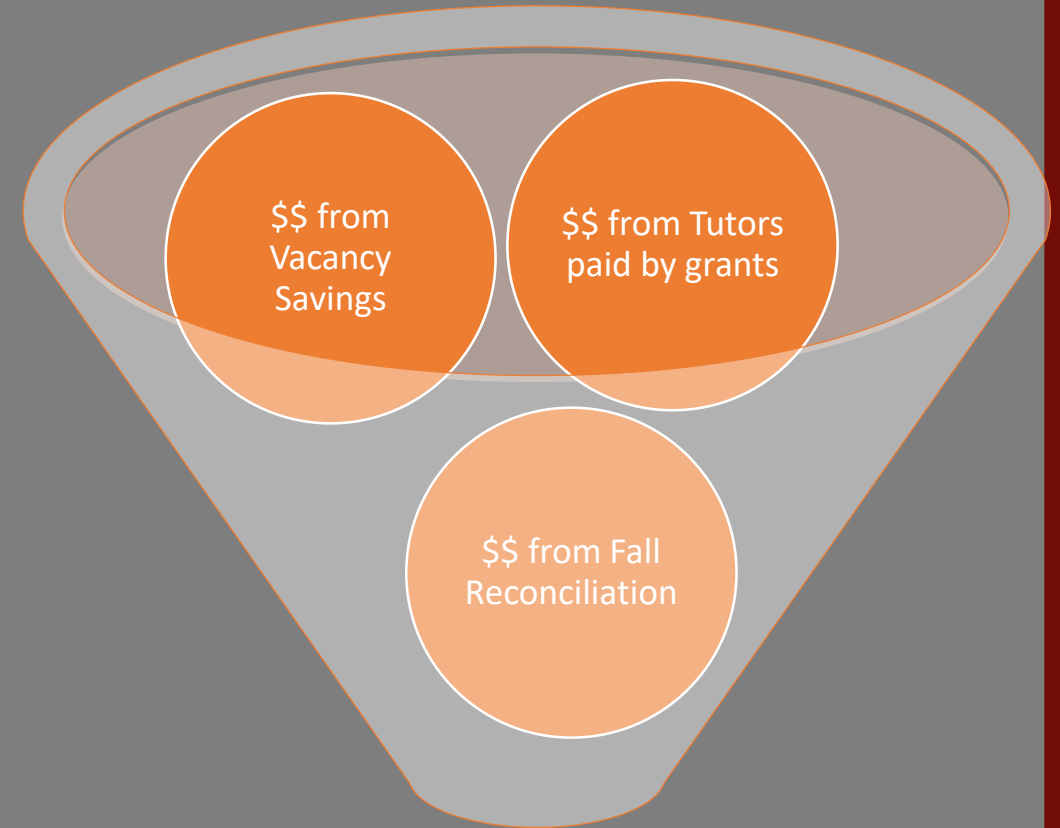
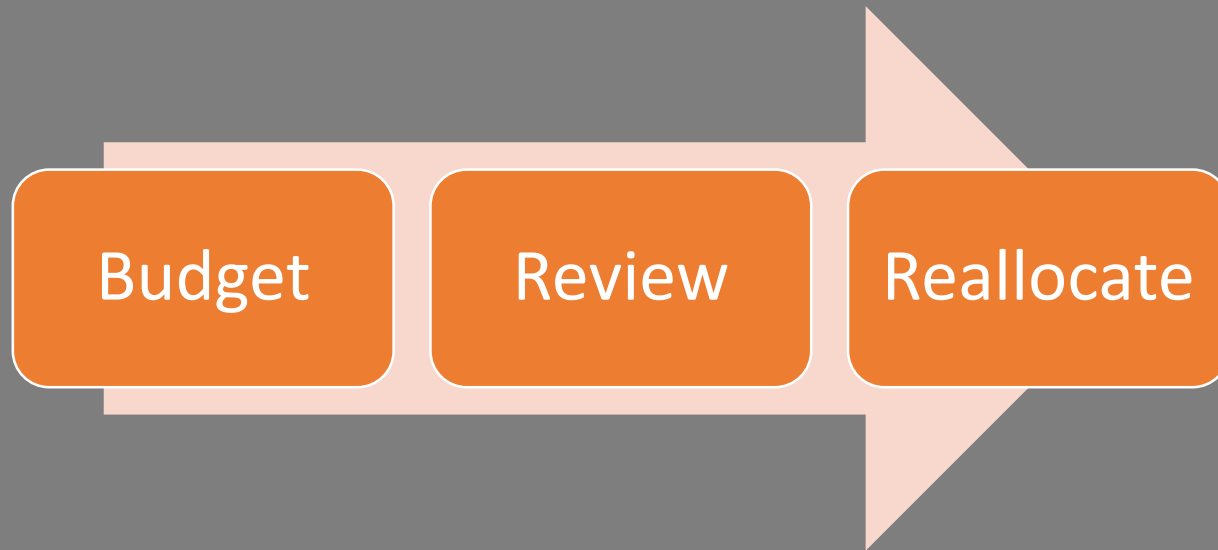
Continuous Review of Two Budget Years Simultaneously To Ensure Maximizing Every Funding Stream

FY 23 Budget Update

- 1) Budget to Actuals with forecasted flexibility
- 2) ESSER Update
- 3) Priorities for Leveraging Forecasted Savings
 - a) Fund Management
 - b) Strategic Investment in FY24 Priorities
 - c) Maximize SPED Stabilization
 - d) Accelerate Critical Facilities Improvements (HVAC & playgrounds)

FY 24 Budget Introduction

- 1) Budget Calendar (Next Steps)
- 2) Governor's Budget Timeline



Forecasted Flexibility
= Pool to Reallocate

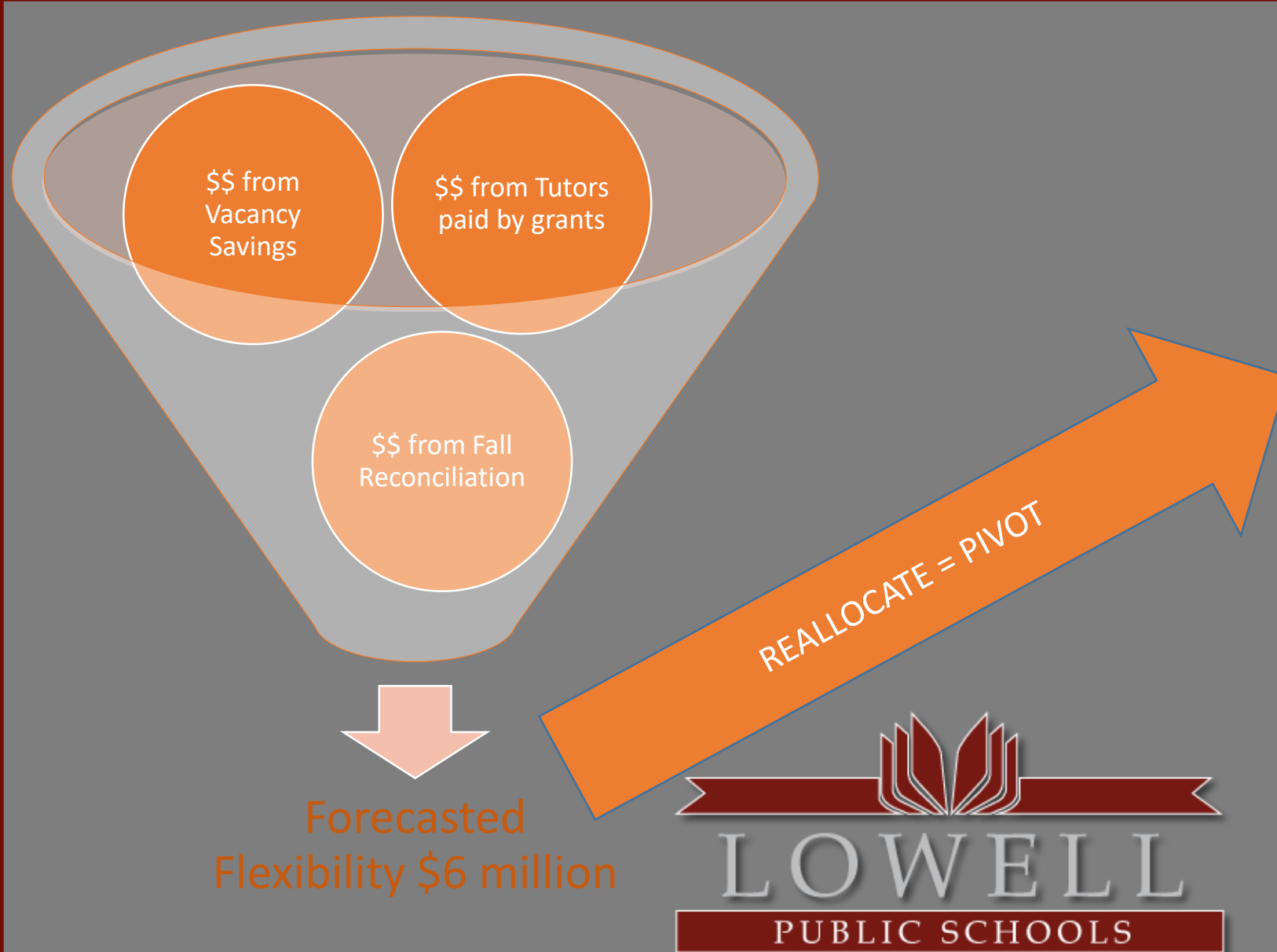


Per the YTD Budget Memo included in the SC Packet, we continuously review year to date spending to identify areas of savings and shortages. After addressing areas of shortages, we then consider our needs that were not originally budgeted due to a constant state of needs exceeding resources. As noted in this memo, we restructured the report to make it more user friendly with decisions.

Some AREAS OF FLEXIBILITY that were noted during the YTD Budget Review and Vacancy Savings Analysis include the following:

1. Vacancy Savings: \$4.5 million identified to date (e.g. Staffing shortages)
2. Fall Reconciliation Line \$1.5 million





Priorities for Leveraging Savings

1. Fund Management
2. Strategic Investments in FY24 Priorities
3. Maximize SPED Stabilization to offset rising Out of District costs
4. Maximize amounts in revolving accounts
5. Accelerate Critical Facility Investments such as HVAC and playgrounds

Fund Management – Strategically analyze all sources of funding to ensure that we spend first to expire funds. Due to staffing shortages which equate to vacancy savings, we have projected surpluses in the general fund that must be spent before other funding sources with later expiration dates. For instance, we can delay costs that should hit the grants including ESSER and leave them on local budget to ensure fully spending the general fund which allows us to carry forward grant funds.

General Fund Projected Surplus = \$6 million (Expires June 30, 2023)

Grants FY22/23 = Some funds are allowed to be carried over and the rest expire June 30, 2023

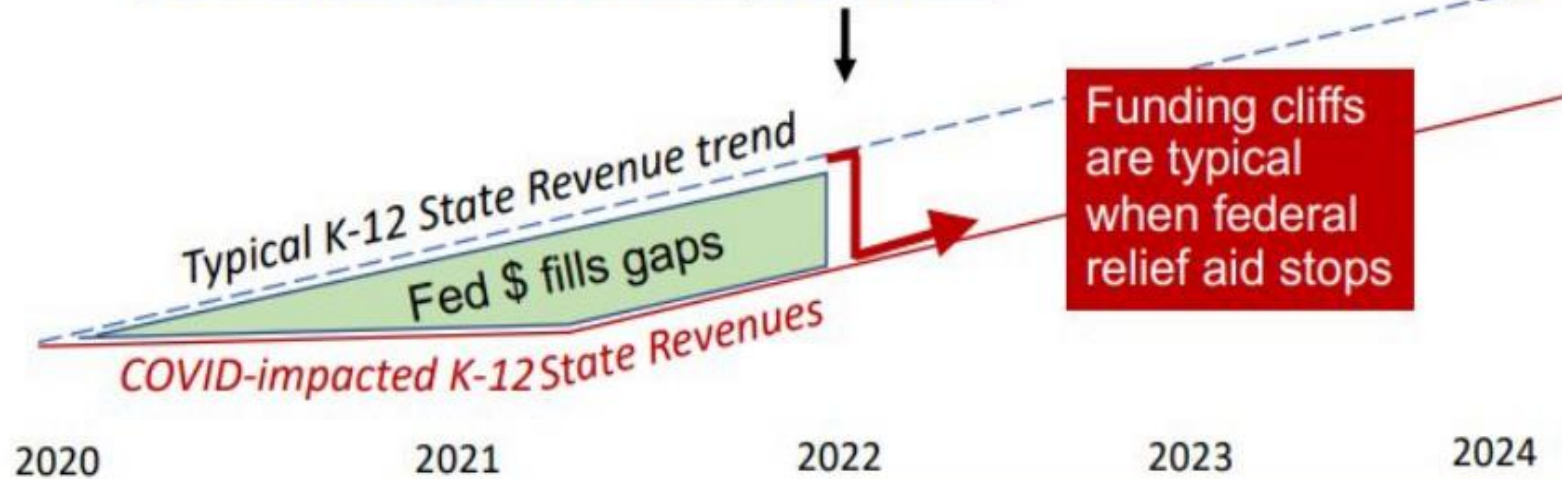
ESSER = Spending is being reviewed to ensure spending at expected rate.

End date is Sept 2024



ESSER grants are non-recurring and unlikely to be sustained with state or local revenue which can result in a “fiscal cliff”

Federal \$ enables districts to maintain cost structure, but eventually runs out



A multi-year funding strategy is required to minimize the impact of the reduction in federal aid and sustain support for students

COVID HITS!



Non-recurring \$ - if used responsibly - cannot be applied toward large-scale recurring costs such as salary increases or employee benefits

Strategic Investments in FY24 priorities – one example of this is to use current year general fund surpluses to purchase library books that would have been purchases with year 3 ESSER dollars. Doing so allows us to make the purchases earlier expending funds that would have been lost AND allows us to pivot and use the freed up library budget in ESSER YEAR 3 budget to increase the amount spent on HVAC/Facility needs.

\$1.5 million in library supplies purchased with current year general fund dollars instead of ESSER

\$.5 million in system wide supplies (pre-purchase for FY23/24 school year)

Maximize SPED Stabilization - *“Once the fund is established, the school committee may include a separate line item in their annual budget request to appropriate monies into the stabilization fund. For regions, the amount to be appropriated to the stabilization fund is included in each member municipality's assessment. The balance in the reserve fund cannot exceed two percent of the annual net school spending of the school district.....Other areas districts may choose to consider when establishing the fund are: Maximum balance in the fund.”*

The above excerpt from the DESE website needs to be clarified with DESE. After careful reading, the two percent rule seems to be for regions only. Several lines after the region cap, it states that other areas may choose to include a maximum balance which means that currently we don't have a maximum balance for this SPED stabilization account. This will be confirmed with DESE and the City. Either way, we can decide to not put a cap on the account or determine one with the City. After all, having a healthy balance in this account will assist us in future years with high special education costs during economic downturns. In the meantime, we will use the REGION cap calculation = 2% of NSS





Current Balance in ACCT = \$2.95 million.

2% Max of \$257 m = \$5.15 m allowed

\$2.2 million left to fund before hitting maximum

Lowell Public Schools

Revolving Fund - Available Cash Balance
As of December 2022

Fund	Description	ACTUAL	ACTUAL	ACTUAL	ACTUAL	TID 2022/23
1102	Athletic Revolving Fund <i>Funds from participation fees and program receipts. Athletic and extra-curricular programs, awards, equipment and facilities</i>	\$ 2,294	\$ 9,789	\$ 19,020	\$ 28,627	\$ 48,116
1103	Non-Resident Student Tuition Revolving Fund <i>Funds from non-resident tuition payments and State reimbursement for foster care children. Education expenses of non-resident and foster care children enrolled in our school. Including materials, supplies and equipment</i>	\$ 37,262	\$ 65,649	\$ 76,913	\$ 570,185	\$ 575,548
1108	Use of School Facilities Revolving Fund <i>Funds from fees and charges for use of school facilities and for school parking fees. Upkeep of school facilities or spaces including custodial costs, electricity, and cleaning supplies and maintenance.</i>	\$ 48,573	\$ 137,006	\$ 283,461	\$ 156,653	\$ 198,223
1119	School Choice Tuition Revolving Fund <i>Funds from school choice payments and Federal, State or other payments, gifts, and grants. Education expenses of non-resident children enrolled in our school. Including materials, supplies and equipment</i>	\$ 159,823	\$ 122,173	\$ 167,727	\$ 222,727	\$ 231,057
1127	Full Day Pre-School Revolving Fund <i>Tuition payments collected. Education expenses for children enrolled in full day kindergarten. Including materials, supplies and equipment</i>	\$ 47,451	\$ 47,451	\$ 47,451	\$ 47,451	\$ 47,451
1129	Community Schools Revolving Fund <i>Funds from participation fees and program receipts. Stipends, materials and equipment for community school programs</i>	\$ 74,177	\$ 88,854	\$ 71,301	\$ 66,419	\$ 66,419
1201	Food Service Revolving Fund <i>Fees from sales of food and other meals, school lunch and snack meals. Provides funding for the operation of the food service program.</i>	\$ (157,900)	\$ 2,756,222	\$ 3,654,835	\$ 5,075,632	\$ 6,063,654
1924	Special Education Circuit Breaker <i>State special education reimbursement program. Reimburses the general fund for cost of district facilities</i>	\$ (513,669)	\$ 330,336	\$ 3,703,387	\$ 3,867,654	\$ 4,788,481
Major Fund Balance:		\$ (301,990)	\$ 3,557,480	\$ 8,024,095	\$ 10,035,348	\$ 12,018,949
Percentage of Gen		\$ 162,942,846	\$ 165,522,325	\$ 179,383,148	\$ 194,284,378	\$ 213,706,072
		-0.19%	2.15%	4.47%	5.17%	5.62%
						
8395	Sped Stabilization Account	\$ -	\$ -	\$ -	\$ 1,388,458.00	\$ 2,948,908.00

Priorities for Leveraging Savings

Using the following

1. Fund Management
2. Strategic Investments in FY24 Priorities
3. Maximize SPED Stabilization to offset rising Out of District costs
4. Maximize amounts in revolving accounts
5. Accelerate Critical Facility Investments such as HVAC and playgrounds

We project the following savings that can be reallocated

\$6 million in General Fund Savings

Less:

\$2 million investments in library books and supplies

\$2.1 million investment in SPED Stabilization acct (if we use REGION MAX)

\$1.9 million investments in Facilities (by moving ESSER budgeted costs to the general fund to expend the available balance and free up the ESSER dollars for facility investments)

BUDGET CALENDAR DRAFT

Data	December/January		Draft projections of enrollment per school to share with principals								
Cabinet	December/January		Review and update guardrails and budget training calendars								
Finance	December Leadership		Principals: Update on Budget Process								
Finance	January 4th		SC: Savings and Reallocation Plan/Update on Budget Process/Foundation Budget: Four Year Review								
Finance	January 18th		SC: FY22/23 Quarter 2 Report: YTD, Revolving Acct Balance, Historical Comparison								
Finance	January TBD		ADD: School Site Council Training with Latifah								
Finance	January Leadership		Principals: send current year FSF workbooks to reacquaint with the format								
Finance	February 1st		SC: Ch 70 Explanation; Update on Governor's Budget; Budget Sorted into FSF Pool & Central								
Finance	February TBD		Training for School Site Councils								
Finance	February 15th		SC: Update on SBB pool, Weights, Baseline rules, guardrails, sample workbooks/Budget Adj proposal								
Finance	March 1st		SC: Update on Summary of Impact to Schools & transition policies								
Finance	March 3rd		Principals: send their funding summary and workbooks to them								
Finance	March 6th-March 17th		Principals: Budget drop ins with CFO								
Finance	March 6th-March 17th		QIP Review: LS, RD & LP Meet with Principals to review budget decisions/QIP for sign off								
Finance	March 20th -March 31st		Principals: Probable Org Meetings with BJT and JH								
Finance	April 5th		SC: Budget update for current year and FY23/24								
Finance	April 19th		SC: Budget update for current year and FY23/24								
Finance	April TBD		Finance Subcommittee Meeting								
Finance	May 3rd		SC: FY23/24 Budget Presentation								
Finance	May 8th (Monday)		SC: Budget Public Hearing								
Finance	May TBD if needed		SC: Budget Public Hearing								
Finance	May 17th		SC: Budget Adoption								

Governor's Budget

House Ways & Means Budget

House

House

Senate Ways & Means Budget

Senate Debate

Senate Budget

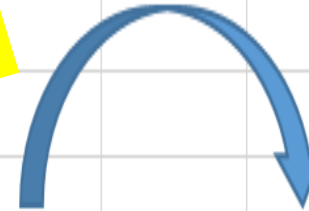
Conference Committee

Final Budget

Governor's Budget = Student Opportunity Act
ESTIMATED

2637 Total per student increase

1318.5 Annual Increase based on first two year average



FY20/21

FY21/22

FY22/23

FY23/24

FY24/25

FY25/26

FY26/27

Estimated Per Pupil Funding Amt

13,377

14,499

16,014

17,327

18,640

19,953

21,266

Use 16,103 student count to keep uniform

16,103

16,103

16,103

16,103

16,103

\$ 257,873,442 \$ 279,016,681 \$ 300,159,920 \$ 321,303,159 \$ 342,446,398

\$ 21,143,239 \$ 21,143,239 \$ 21,143,239 \$ 21,143,239

SUMMARY: IF ENROLLMENT STAYED SAME & WE USED ANNUAL INCREASE, WE WOULD SEE
A \$21.2 MILLION INCREASE EACH YEAR.